

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

APRIL 30, 2011

NOTICE

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

BALANCE SHEETS
(Unaudited)

	APRIL 30	JULY 31
	2011	2010
ASSETS		
Current		
Cash	\$ 92,627	\$ 36,465
Short term investment	750,647	1,003,062
Other receivables	11,783	3,343
B.C. Mining Exploration Tax Credit receivable	21,040	21,040
Prepaid expenses	-	403
	876,097	1,064,313
Investment (Note 6)	19,000	19,000
Reclamation Deposits (Note 7)	110,000	110,000
Resource Properties (Note 8)	6,199,958	5,920,933
	\$ 7,205,055	\$ 7,114,246
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,637	\$ 4,284
Future Income Tax Liabilities	39,000	76,000
	42,637	80,284
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	8,797,847	8,541,922
Contributed Surplus	864,294	674,144
Share Subscriptions Received (Note 12(a))	50,000	-
Accumulated Other Comprehensive Loss	(5,500)	(5,500)
Deficit	(2,544,223)	(2,176,604)
	7,162,418	7,033,962
	\$ 7,205,055	\$ 7,114,246

Approved on behalf of the Board of Directors:

"Jevin Werbes"

Director

"Matthew G Wright"

CFO

The accompanying notes are an integral part of these financial statements.

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	THREE MONTHS ENDED APRIL 30		NINE MONTHS ENDED APRIL 30	
	2011	2010	2011	2010
Expenses				
Amortization	\$ -	\$ 2,504	\$ -	\$ 7,512
Consulting	15,000	7,700	15,000	32,816
Investor relations	9,000	-	19,500	-
Management fees	26,000	30,000	66,500	90,000
Office and sundry	7,402	13,450	30,482	41,901
Professional fees	3,000	3,997	50,855	43,538
Promotion and entertainment	472	15,195	3,765	41,492
Property investigation costs	-	10,700	-	-
Rent	6,000	6,566	18,000	19,167
Shareholder communications	927	-	11,905	-
Stock based compensation	56,300	-	190,150	-
Transfer agent and regulatory fees	10,887	8,709	31,747	12,574
Travel	1,336	3,414	2,922	3,414
Loss Before Other Item	(136,324)	(102,235)	(440,826)	(307,869)
Other item				
Interest income	669	4,251	5,874	22,324
Loss Before Income Taxes	(135,655)	-	(434,952)	(285,545)
Future Income Tax Recovery	21,000	(97,984)	67,333	-
Loss For The Period	(114,655)	(97,984)	(367,619)	(285,545)
Other Comprehensive Income (Loss)				
Net unrealized gain (loss) arising on available for sale investments during the period	1,000	8,000	-	14,000
Comprehensive Loss	\$ (113,655)	\$ (89,984)	\$ (367,619)	\$ (271,545)
Basic and Fully Diluted (Loss) per Share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted Average Number Of Shares Outstanding	13,657,567	9,683,968	12,929,882	9,683,968

The accompanying notes are an integral part of these financial statements.

CARMAX EXPLORATIONS LTD.

INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	APRIL 30		APRIL 30	
	2011	2010	2011	2010
Cash Flows From Operating Activities				
Loss for the period	\$ (114,655)	\$ (97,984)	\$ (367,619)	\$ (285,545)
Less: Non-cash item:				
Amortization	-	2,504	-	7,512
Stock based compensation	56,300	-	190,150	-
Future income tax recovery	(21,000)	-	(67,333)	-
Accrued interest	(647)	(290)	2,415	(890)
	<u>(80,002)</u>	<u>(95,770)</u>	<u>(242,387)</u>	<u>(278,923)</u>
Changes in non-cash working capital items:				
Prepaid expenses	-	5,072	403	(9,821)
Goods and Services Tax recoverable	21,658	70	(8,440)	5,113
B.C. Mining Exploration Tax Credit Receivable	-	-	-	233,229
Accounts payable and accrued liabilities	(10,328)	23,148	(647)	(6,571)
	<u>(68,672)</u>	<u>(67,480)</u>	<u>(251,071)</u>	<u>(56,973)</u>
Cash Flows From (Used in) Investing Activities				
Short term investment	-	-	250,000	-
Exploration advances	(46,862)	-	(46,862)	-
Resource property costs	(27,262)	(47,648)	(220,663)	(145,283)
	<u>(74,124)</u>	<u>(47,648)</u>	<u>(17,525)</u>	<u>(145,283)</u>
Cash Flows From (Used in) Financing Activities				
Shares issued for cash	9,927	-	295,927	-
Share issue costs	-	-	(21,169)	-
Share subscriptions received	50,000	-	50,000	-
	<u>59,927</u>	<u>-</u>	<u>324,758</u>	<u>-</u>
Increase (Decrease) In Cash	(82,869)	(115,128)	56,162	(202,256)
Cash, Beginning Of Period	175,496	1,241,780	36,465	1,328,908
Cash, End Of Period	\$ 92,627	\$ 1,126,652	\$ 92,627	\$ 1,126,652
Supplemental Disclosure Of Cash Flow Information				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Non-Cash Financing And Investing Activities				
Shares issued for resource property acquisition	\$ -	\$ -	\$ 11,500	\$ -
Shares received pursuant to mineral property earning option agreement	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

STATEMENT OF SHAREHOLDERS' EQUITY

APRIL 30, 2011
(Unaudited)

	SHARE CAPITAL		CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE LOSS	SHARE SUBSCRIPTIONS RECEIVED	DEFICIT	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT					
Balance, July 31, 2009	9,683,968	\$ 8,321,922	\$ 674,144	\$ (17,500)	\$ -	\$ (1,788,875)	\$ 7,189,691
Revaluation of investment to market value at July 31, 2010	-	-	-	12,000	-	-	12,000
Shares issued pursuant to resource property agreement	1,100,000	220,000	-	-	-	-	220,000
Net loss for the year	-	-	-	-	-	(387,729)	(387,729)
Balance July 31, 2010	10,783,968	8,541,922	674,144	(5,500)	-	(2,176,604)	7,033,962
Revaluation of investment to market value at April 30, 2011	-	-	-	-	-	-	-
Shares issued pursuant to resource property agreement	50,000	11,500	-	-	-	-	11,500
Shares issued for cash – flow –through units	1,009,000	110,990	-	-	-	-	110,990
Shares issued for cash - non-flow-through units	1,591,000	175,010	-	-	-	-	175,010
Finders units issued pursuant to private placement	171,850	18,903	-	-	-	-	18,903
Shares issued on exercise of share purchase warrants	66,180	9,927	-	-	-	-	9,927
Share issuance costs	-	(40,072)	-	-	-	-	(40,072)
Renunciation of flow through shares	-	(30,333)	-	-	-	-	(30,333)
Share subscriptions received	-	-	-	-	50,000	-	50,000
Fair value of stock options accrued or vesting in period	-	-	190,150	-	-	-	190,150
Net loss for the period	-	-	-	-	-	(367,619)	(367,619)
Balance April 30, 2011	13,671,998	\$ 8,797,847	\$ 864,294	\$ (5,500)	\$ 50,000	\$ (2,544,223)	\$ 7,162,418

The accompanying notes are an integral part of these financial statements.

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

NOTES TO FINANCIAL STATEMENTS

APRI 30, 2011
(Unaudited)

1. INTERIM REPORTING

While the information presented in the accompanying interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Except as disclosed below, these interim financial statements follow the same accounting policies and methods of their application as the Company's audited July 31, 2010 annual financial statements. It is suggested that these interim financial statements be read in conjunction with the Company's July 31, 2010 audited financial statements.

2. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of Operations

The Company was incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange. The Company's principal business activity is the acquisition and exploration of resource properties.

The Company is in the process of exploring its resource properties and has not yet determined whether the property contains ore reserves that are economically recoverable. The recoverability of the amount shown as resource properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

Pursuant to the shareholders' approval at the annual and special general meeting of shareholders held on August 6, 2010, the Company has changed its name to Carmax Mining Corp. and consolidated its common shares on a 10 old shares for 1 new share basis.

The number of shares and issue prices per share in these financial statements and notes have been restated to reflect the share consolidation.

b) Going Concern

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses as they arise. The Company will require additional financing to continue to explore its mineral claims. There is no assurance that such additional financing will be available.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern which assumes the realization of assets and discharge of liabilities in the normal course of business. These financial statements do not show the effect of any adjustments to the carrying values and classification of assets and liabilities that would be necessary, should it be determined that the Company is unable to continue as a going concern.

CARMAX MINING CORP.
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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results could differ from these estimates.

c) Measurement Uncertainty

Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated gold, silver and metal prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

d) Financial Instruments – Recognition and Measurement

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on the balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in either the Statement of Operations or the Statement of Comprehensive Income or Loss.

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

CARMAX MINING CORP.
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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments – Recognition and Measurement (Continued)

Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net income or loss, using the effective interest method.

Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income or loss until the asset is realized, at which time they will be recorded in net income or loss.

Held-for-trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in the Statements of Operations in the period in which they arise.

All derivative financial instruments are classified as held-for-trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the Statement of Operations in the period in which they arise.

In accordance with this standard, the Company has classified its financial instruments as follows:

Cash and cash equivalents are classified as held-for-trading, which are measured at fair value initially and in subsequent periods.

Investment is classified as available-for-sale, which is measured at fair value, with unrealized gains and losses recorded in other comprehensive income or loss until the asset is realized, at which time they will be recorded in net income or loss.

Reclamation deposits are classified as held-for-trading, which are measured at fair value initially and in subsequent periods.

Accounts payable and accrued liabilities are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

e) Financial instruments – Disclosures

In June 2009, the CICA Handbook Section 3862, "*Financial Instruments – Disclosures*" ("Section 3862") was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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NOTES TO FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial instruments – Disclosures (Continued)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

f) Resource Properties

Resource property acquisition costs and related deferred exploration expenditures are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated life of the property following commencement of commercial production or written off if the property is sold, allowed to lapse or abandoned.

Although the Company has taken steps to verify title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance regulatory requirements.

On an annual basis and when impairment indicators arise, the Company evaluates the future recoverability of its resource property costs. Impairment losses or write downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows resulting from the use of these assets and their eventual disposition.

f) Impairment of Long-lived Assets

Long-lived assets include mineral properties. The Company periodically evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise in the exploration stage is not obliged to conclude that capitalized costs have been impaired due to the absence of a projected estimated future net cash flow from the mining enterprise. Mineral properties in the exploration stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist. However, a mining enterprise is required to consider the conditions for impairment write-down. The conditions include unfavourable exploration results and significant unfavourable economic, legal, regulatory, environmental, political and other factors.

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NOTES TO FINANCIAL STATEMENTS

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(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Long-lived Assets (Continued)

In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount.

g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations.

In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the periods ended April 30, 2011 and 2010 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to reported loss from operations in computing diluted per share amounts.

The weighted average number of shares and the loss per common share of the comparative period have been restated to reflect the share consolidation which was effected on August 6, 2010.

h) Asset Retirement Obligation

The Company follows the recommendations in CICA Handbook Section 3110 – "Asset Retirement Obligations" with respect to asset retirement obligations. Under Section 3110, legal obligations associated with the retirement of tangible long-lived assets are recorded as liabilities. The liabilities are calculated using the net present value of the cash flows required to settle the obligation. A corresponding amount is capitalized to the related asset.

Asset retirement costs are charged to earnings in a manner consistent with the depreciation, depletion and amortization of the underlying asset. The liabilities are subject to accretion over time for changes in the fair value of the liability.

It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Asset Retirement Obligation (Continued)

As at April 30, 2011 and July 31, 2010, no provision has been made for asset retirement obligations.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

a) Section 1582, Business Combinations

Section 1582 applies prospectively to the Company's business combinations on or after January 1, 2011. Early adoption of this recommendation is permitted. This section replaces Section 1581, "Business Combination", and harmonizes the Canadian accounting standards with International Financial Reporting Standards ("IFRS"). Under the new guidance, the purchase price used in a business combination will be the new fair value of the shares exchanged at their market price on the date of the exchange.

Currently, when shares are issued, they are valued based on the market price for a reasonable period before and after the date the acquisition is agreed upon and announced. Under the new guidelines, all acquisition costs are expensed where currently they are capitalized as part of the acquisition costs. There are also a number of other differences between the new guidelines and current GAAP. The Company does not expect the adoption of this pronouncement to impact the financial statements.

b) Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests

Section 1601 and 1602 change the accounting and reporting of ownership in interests in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position (balance sheet) within equity, but separately from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income (loss). In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interest of the non-controlling owners. The Company does not expect the adoption of these pronouncements to impact its financial statements in fiscal 2011.

CARMAX MINING CORP.
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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

c) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The Company will adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. The Company is currently considering the impact on the Company's financial statements of the transition to IFRS.

4. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

The Company holds three mineral properties and generates no revenue. Accordingly the Company will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

The Board reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the statement of changes in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

CARMAX MINING CORP.
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APRIL 30, 2011
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5. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

a) Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

i) Credit Risk

The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions.

ii) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. The Company believes that its sources of financing will be sufficient to cover the expected short and long term cash requirements.

iii) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company possesses an investment in a publicly traded security and its fair value is dependent upon prevailing market conditions.

iv) Foreign Currency Risk

The Company's operations are located in Canada and the Company rarely conducts transactions in currencies other than the Canadian dollar. Accordingly, the Company is not subject to significant foreign exchange risk currency fluctuations.

v) Interest Rate Risk

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity. Fluctuations in interest rates affect the value of cash.

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APRIL 30, 2011
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5. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (Continued)

b) Section 3865, Hedging

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

c) Fair Values

The carrying values of cash and cash equivalents, amounts receivable, reclamation deposits and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity or ability to readily convert into cash.

The fair value of investments in equity securities classed as available for sale is determined using closing prices at the balance sheet date with any unrealized gains or losses recognized in other comprehensive income.

The fair values of the Company's financial instruments measured at April 30, 2011 constitute Level 1 measurements within the fair value hierarchy.

6. INVESTMENT

	APRIL 30 2011	JULY 31 2010
Alexandria Minerals Corporation – 100,000 common shares at quoted market value	\$ 19,000	\$ 19,000

7. RECLAMATION DEPOSITS

Prior to the commencement of exploration of the Eaglehead Property in British Columbia, the Company was required to post a reclamation deposit in the amount of \$70,000, which will be refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. During the year ended July 31, 2009, the Company was required to post a second reclamation deposit in the amount of \$40,000. The reclamation deposits are being held in term deposits with various interest rates. The Company has no contractual liabilities or existing obligations arising from environmental or reclamation costs.

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APRIL 30, 2011
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8. RESOURCE PROPERTIES

Summary of Resource Properties

	APRIL 30, 2011			
	GOLDTIP PROPERTY	WHISKEY JACK CREEK PROPERTY	EAGLEHEAD PROPERTY	TOTAL
Acquisition costs				
Balance, beginning of period	\$ 319,000	\$ 4,000	\$ 550,000	\$ 873,000
Shares issued	-	-	11,500	11,500
Cash	10,000	-	50,000	60,000
	10,000	-	61,500	71,500
Balance, end of period	\$ 329,000	\$ 4,000	\$ 611,500	\$ 944,500
Deferred exploration expenditures				
Balance, beginning of period	\$ -	\$ 474,392	\$ 4,565,207	\$ 5,039,599
Engineering and consulting	19,000	-	39,775	58,775
Camp costs	-	-	19,561	19,561
Supplies	-	-	283	283
Board and travel	19,310	-	13,812	33,122
Assays	5,000	-	10,999	15,999
Reports and mapping	7,225	-	1,992	9,217
Transportation	412	-	424	836
Labour and technicians	25,200	-	-	25,200
Assessment costs	6,004	-	-	6,004
Drilling	-	-	-	-
Equipment rental	-	-	-	-
B.C. Mining Exploration Tax Credit receivable	-	-	-	-
	82,151	-	86,846	168,997
Balance, end of period	\$ 82,151	\$ 474,392	\$ 4,652,053	\$ 5,208,596
Exploration Advances				
Balance, beginning of period	-	-	8,334	8,334
Advances	-	-	53,528	53,528
Expended on property	-	-	(15,000)	(15,000)
Balance, end of period	\$ -	\$ -	\$ 46,862	\$ 46,862
Total balance, end of period	\$ 411,151	\$ 478,392	\$ 5,310,415	\$ 6,199,958

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APRIL 30, 2011
(Unaudited)

8. RESOURCE PROPERTIES (Continued)

Summary of Resource Properties (Continued)

	JULY 31, 2010			
	GOLDTIP PROPERTY	WHISKEY JACK CREEK PROPERTY	EAGLEHEAD PROPERTY	TOTAL
Acquisition costs				
Balance, beginning of year	\$ -	\$ 4,000	\$ 550,000	\$ 554,000
Shares issued	220,000	-	-	220,000
Cash	99,000	-	-	99,000
	319,000	-	-	319,000
Balance, end of year	\$ 319,000	\$ 4,000	\$ 550,000	\$ 873,000
Deferred exploration expenditures				
Balance, beginning of year	\$ -	\$ 456,142	\$ 4,481,047	\$ 4,937,189
Engineering and consulting	-	18,250	45,450	63,700
Camp costs	-	-	27,939	27,939
Supplies	-	-	-	-
Travel	-	-	3,018	3,018
Assays	-	-	12,747	12,747
Reports and mapping	-	-	637	637
Transportation	-	-	(2,106)	(2,106)
Labour and technicians	-	-	1,925	1,925
Assessment costs	-	-	590	590
Drilling	-	-	-	-
Equipment rental	-	-	15,000	15,000
B.C. Mining Exploration Tax Credit receivable	-	-	(21,040)	(21,040)
	-	18,250	84,160	102,410
Balance, end of year	\$ -	\$ 474,392	\$ 4,565,207	\$ 5,039,599
Exploration Advances				
Balance, beginning of year	-	-	-	-
Advances	-	-	20,000	20,000
Expended on property	-	-	(11,666)	(11,666)
Balance, end of year	\$ -	\$ -	\$ 8,334	\$ 8,334
Total balance, end of year	\$ 319,000	\$ 478,392	\$ 5,123,541	\$ 5,920,933

CARMAX MINING CORP.
(Formerly Carmax Explorations Ltd)

NOTES TO FINANCIAL STATEMENTS

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8. RESOURCE PROPERTIES (Continued)

a) Whiskey Jack Creek Property

The Company has an agreement to acquire a 100% interest, subject to a 3% net smelter return royalty, three mineral claims located in Cairo Townships, Ontario, known as the Whiskey Jack Creek Property. Considerations for the acquisition are cash payments totalling \$45,000 (paid) by August 31, 2007, and the Company must incur minimum exploration expenditures of \$200,000 (incurred).

Upon commencement of commercial production on the property, the Company shall pay the optionor a 3% net smelter return royalty to be reduced to 1% after the payment of \$2,000,000 in royalty payments.

The Company acquired an additional 5 claims through staking, consisting of 41 units adjoining the Whiskey Jack Creek Property to the south and east.

During the year ended July 31, 2007, the Company entered into an Earning Option Agreement with Alexandria Minerals Corporation ("AMC"), whereby the Company granted to AMC the right to explore and acquire a 50% interest in the 41 units owned by the Company adjoining the Whiskey Jack Creek Property, and to acquire a 50% interest in the rights to the Whiskey Jack Creek Property held by the Company.

In consideration for granting the Earning Option, the Company will receive:

- i) 50,000 common shares of AMC (received) and \$10,000 (received) on execution of the agreement;
- ii) prior to December 31, 2007, AMC is to incur not less than \$100,000 of exploration expenditures on the property and issue 50,000 common shares of AMC (received) to the Company;
- iii) prior to December 31, 2008, AMC is to incur not less than \$100,000 (\$200,000 cumulative) of exploration expenditures on the property;
- iv) prior to December 31, 2009, AMC is to incur not less than \$100,000 (\$300,000 cumulative) of exploration expenditures on the property;
- v) \$15,000 (received) to satisfy prior commitments of the Company.

The agreement is subject to a 3% net smelter return royalty, 2% of which can be purchased by AMC for \$500,000 per ½%.

Upon the Earning Option being exercised, a joint venture will be established with a 50% interest for each of the Company and AMC to further develop the property; and AMC will be the operator and manager of the property. The Company incurred finder's fees of \$2,500 (paid) in relation to the Earning Option Agreement.

On October 13, 2009, AMC earned its 50% interest in the property and the Company is currently negotiating the joint venture agreement.

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8. RESOURCE PROPERTIES (Continued)

b) Eaglehead Property

The Company has an agreement, effective October 31, 2005, with two directors of the Company, to acquire a 100% interest in the Eaglehead Property claims, subject to a 2.5% net smelter return royalty, located near the Dease Lake area of north central British Columbia.

Consideration for the acquisition are cash payments totalling \$350,000, issuing 300,000 common shares and spending \$6,000,000 in exploration and development work over a period of seven years ending October 31, 2011. The Company will earn 30% after it spends \$2,000,000, a further 30% after it spends the next \$2,000,000 and a final 40% after it spends the last \$2,000,000. The Company may also purchase a 1.5% royalty interest for \$2,000,000.

During the year ended July 31, 2008, the Company successfully staked an additional six claims adjoining the Eaglehead Property to the southeast.

During the year ended July 31, 2009, the Company earned its 60% interest in the property.

As of April 30, 2011, 300,000 (July 31, 2010 – 250,000) common shares were issued and cash payments totalling \$350,000 (July 31, 2010 - \$300,000) were paid pursuant to the agreement.

c) Goldtip Property

On May 5, 2010, the Company entered into an agreement with an individual to acquire 59 mineral tenures in the Arlin Mining division of British Columbia. ("The Goldtip Property") The agreed purchase price for the claims was \$90,000 cash and the issuance of 1,000,000 common shares of the Company. The Company also agreed to pay finders fees comprising \$9,000 cash and the issuance of 100,000 common shares of the Company.

As of October 31, 2010, the Company has issued 1,100,000 (July 31, 2010 – 1,100,000) common shares with a fair value of \$220,000 and paid cash of \$90,000 for the property and \$9,000 in settlement of finders' fees.

During the period ended October 31, 2010, the Company successfully staked an additional six claims adjoining the Goldtip Property at a cost of \$10,000.

d) Exploration Advances

As at April 30, 2011, the Company had exploration advances of \$46,862 (July 31, 2010 - \$8,334). Of these advances, \$13,334 (2009 – \$8,334) were to a company with a former common director for exploration expenditures.

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9. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

b) Issued and Outstanding

On August 6, 2010, the Company consolidated its common stock on a 10 old shares for 1 new share basis. The weighted average number of shares and the loss per common share of the comparative period have been restated to reflect the share consolidation on a 10 to 1 basis.

As at April 30, 2011 there were 13,671,998 (July 31, 2010 – 10,783,968) common shares issued and outstanding.

- i) On October 6, 2010 the Company completed a private placement comprising of 1,009,000 flow-through units and 1,591,000 non-flow-through units at a price of \$0.11 per unit for total gross proceeds of \$286,000.

Each flow-through unit consists of one flow-through common share and one non-transferable non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of \$0.15 for the first year and \$0.20 for the second year following the closing of the private placement.

Each non-flow-through unit consists of one non-flow-through common share and one non-transferable non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of \$0.15 for the first year and \$0.20 for the second year following the closing of the private placement.

As compensation for the placing of the units, a finder's fee payable resulted in the issuance of 171,850 Finders Units at a deemed price of \$0.15 per unit with a fair value of \$18,903. Each Finders Unit is identical in all respects to the non-flow-through units placed in the private placement.

All units issued as a result of the private placement have a hold period which expires on February 6, 2011.

- ii) On October 21, 2010 the Company issued 50,000 common shares with a fair value of \$11,500 pursuant to the Eaglehead mineral property agreement.
- iii) During the nine month period ended April 30, 2011, the Company issued 66,180 common shares pursuant to the exercise of share purchase warrants for aggregate proceeds of \$9,927

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NOTES TO FINANCIAL STATEMENTS

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9. SHARE CAPITAL (Continued)

c) Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange ("TSX-V") regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 20% of the issued shares to be reserved for issuance under the plan.

A summary of changes in stock options for the nine month period ended April 30, 2011 and the year ended July 31, 2010 is presented below:

	NINE MONTHS ENDED APRIL 30, 2011		YEAR ENDED JULY 31, 2010	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	235,000	\$ 1.06	460,000	\$ 1.17
Granted	996,000	0.25	-	
Expired/forfeited	(85,000)	(1.18)	(225,000)	(1.28)
Balance, end of period	<u>1,146,000</u>	\$ 0.26	<u>235,000</u>	\$ 1.06

As at April 30, 2011, options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	PRICE PER SHARE	NUMBER EXERCISABLE At APRIL 30, 2011	EXPIRY DATE
50,000	\$ 0.26	50,000	March 7, 2012
100,000	\$ 0.26	100,000	April 24, 2013
271,000	\$ 0.24	135,500	October 21, 2013
725,000	\$ 0.26	362,500	October 27, 2015
<u>1,146,000</u>			

Compensation costs attributable to share options granted to employees, directors or consultants are measured at fair value at the grant date and expensed with a corresponding increase to contributed surplus over the vesting period. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

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9. SHARE CAPITAL (Continued)

c) Stock Options (Continued)

As a result of the re-pricing of 150,000 stock options on October 27, 2010 the Company recorded stock based compensation of \$7,600. Stock options were re-priced as follows:

- 50,000 from \$1.00 to \$0.26 expiring March 7, 2012;
- 100,000 from \$1.00 to \$0.26 April 24, 2013.

During the nine month period ended April 30, 2011, the Company recorded \$190,150 (nine month period ended April 30, 2010 - \$nil) in stock based compensation for options accruing or vesting during the period.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	NINE MONTHS ENDED APRIL 30	
	2011	2010
Risk free rate	2.14%	n/a
Dividend yield	Nil	n/a
Expected life	4 years	n/a
Expected volatility	159%	n/a
Weighted average fair value per option grant	\$0.22	n/a

d) Warrants

A summary of changes in share purchase warrants for the nine month period ended April 30, 2011 and the year ended July 31, 2010 is presented below:

	NINE MONTHS ENDED APRIL 30, 2011		YEAR ENDED JULY 31, 2010	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	-	\$ -	-	\$ -
Granted	2,771,850	0.15		
Exercised	(66,180)	(0.15)		
Balance, end of period	2,705,670	\$ 0.15	-	\$ -

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9. SHARE CAPITAL (Continued)

d) Warrants (Continued)

As at April 30, 2011, share purchase warrants were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	EXERCISE PRICE	NUMBER EXERCISABLE At APRIL 30, 2011	EXPIRY DATE
2,705,670	\$0.15yr1/ \$0.20 yr2	2705,670	October 6, 2012

10. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable is \$2,000 (July 31, 2010 - \$nil) owing to a company controlled by an officer of the Company.

During the nine month periods ended April 30, 2011 and 2010 the Company also incurred the following expenses charged by directors officers or companies controlled by the directors or officers:

	NINE MONTH ENDED APRIL 30	
	2011	2010
Balance Sheet Items		
Deferred exploration expenditures	\$ 10,398	\$ 96,336
Statement of Operations Items		
Consulting fees	\$ 3,000	\$ 32,816
Management fees	66,500	90,000
Office administration	-	14,963
Professional fees	7,700	-
Property investigation	-	14,455
Rent	18,000	-
Shareholder communications	2,700	-
	\$ 97,900	\$ 152,234

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11. COMMITMENTS

- a) On October 15, 2010, the Company entered into an investor relations contract with KJN Management Ltd. ("KJN"). The agreement is for a minimum term of twelve months, expiring on October 14, 2011. Pursuant to the agreement, KJN will receive \$3,000 per month over the term of the agreement. The agreement can be terminated by KJN by giving 90 days written notice to the Company and by the Company by delivering twelve months written notice to KJN after the expiry of the initial term.
- b) On October 15, 2010 the Company entered into a management contract with Calico Management Corp. ("Calico"), a company controlled by a director. The agreement is for a minimum term of twelve months, expiring on October 14, 2011. Pursuant to the agreement, Calico will receive \$3,000 per month over the term of the agreement. The agreement can be terminated by Calico by giving 90 days written notice to the Company and by the Company delivering twelve months written notice to Calico after the expiry of the initial term.
- c) On March 1, 2011 the Company entered into a contract with the CEE Merchant Group Inc., ("CEE") whereby CEE will provide business development and general corporate advisory services to the Company for \$6,000 per month. The agreement is for a term of 12 months and either party may terminate the agreement by giving 90 days written notice.

12. SUBSEQUENT EVENTS

- a) On June 1, 2011 the Company completed a private placement comprising of 13,844,000 non-flow-through units at a price of \$0.20 per unit for total gross proceeds of \$2,768,800.

Each non-flow-through unit consists of one non-flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of \$0.30 for the first year and \$0.40 for the second year following the closing of the private placement.

As compensation for the placing of the units, a cash finder's fee of \$182,864 was incurred and 938,610 Broker Options were issued.

Each Broker Option is exercisable into one unit of the Company at \$0.20 for two years from closing. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional non-flow-through common share at a price of \$0.15 for the first year and \$0.20 for the second year following the closing of the private placement.

All units issued as a result of the private placement have a hold period which expires on October 1, 2011.

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12. SUBSEQUENT EVENTS (Continued)

- b) On June 17, 2011 the Company granted in aggregate 1,025,000 stock options, exercisable at \$0.20 until June 16, 2016 to consultants, directors and officers of the Company.

13. COMPARATIVE FIGURES

The comparative amounts have been reclassified to conform with the presentation adopted for the current period